

Message Text

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44

ACTION NEA-12

INFO OCT-01 AF-10 EA-11 ISO-00 EB-11 COME-00 INT-08 SCEM-02

OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-13 CIEP-02 DRC-01 /162 W

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R 191700Z SEP 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6869

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY RANGOON

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 11006

E.O. 11652: N/A

TAGS: ENRG, IN

SUBJ: GOI OIL TEAM VISITS LIBYA

REF: NEW DELHI 9773 (NOTAL)

1. WE UNDERSTAND THAT REPRESENTATIVES FROM THE GOI'S FINANCE AND PETROLEUM MINISTRIES ARE CURRENTLY IN TRIPOLI TO EXAMINE POSSIBILITIES FOR THE PURCHASE OF ADDITIONAL LIBYAN CRUDE OIL. THE GROUP, INCLUDING S.K. KRISHNASWAMY, JOINT SECRETARY, DEPARTMENT OF ECONOMIC AFFAIRS, FINANCE MINISTRY, APPEARS TO BE ATTEMPTING TO FOLLOW UP ON PRE-LIMINARY DISCUSSIONS SAID TO HAVE BEEN HELD BETWEEN MRS. LIMITED OFFICIAL USE

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GANDHI AND PRESIDENT GADDAFI ON THIS SUBJECT DURING THE

RECENT NONALIGNED COUNTRY SUMMIT CONFERENCE IN ALGIERS.

2. A SEPTEMBER 12 ECONOMIC TIMES ARTICLE CLAIMED THAT LIBYA HAD "OFFERED UNLIMITED CRUDE SUPPLIES TO INDIA" AND ALLUDED TO FUTURE INDO/LIBYAN CRUDE OIL NEGOTIATIONS. THE ARTICLE RELATES THE LIBYAN "GESTURE" TO A JUNE 1972 "OFFER" OF OIL FROM IRAQ. CITING INDIA'S STRONG SUPPORT OF THE IRAQI GOVERNMENT'S NATIONALIZATION OF THE WESTERN-OWNED IRAQ PETROLEUM COMPANY AS A FACTOR LEADING TO A "NEW ERA OF COOPERATION BETWEEN INDIA AND IRAQ", A NEW-FOUND INDO/LIBYAN COOPERATION IS THEREFORE SIMILARLY ENVISAGED. ACCORDING TO THE ECONOMIC TIMES, THE LIBYAN OFFER WILL FREE INDIA FROM ANXIETY OVER CRUDE OIL SUPPLIES "AND WILL HELP TO PUT THE FOREIGN OIL COMPANIES IN THEIR PROPER PLACE".

3. COMMENT: EARLIER, INDIA ENTERED INTO AN AGREEMENT WITH LIBYA FOR THE PURCHASE OF 14.5 MILLION BARRELS OF CRUDE ANNUALLY DURING 1974 AND 1975 ONLY (REFTEL). IF DELIVERED, THIS VOLUME WILL REPRESENT ABOUT 8.0 PERCENT OF INDIA'S CRUDE REQUIREMENTS DURING EACH OF THESE YEARS. AS PREVIOUSLY REPORTED, THE GOI IS PROBING EVERY POSSIBLE NEW SOURCE OF SUPPLY; HOPEFULLY TO SOMEHOW AVOID THE HUGE FOREIGN EXCHANGE OUTLAY THAT WILL BE REQUIRED IN THE FUTURE FOR THE PURCHASE OF CRUDE OIL FROM ITS TRADITIONAL SUPPLIERS. ANOTHER TRY IN THE DIRECTION OF LIBYA IS TO BE EXPECTED, BUT INDICATIONS ARE THAT INDIA MUST FIRST ASSEMBLE A PACKAGE THAT WILL BE MUTUALLY BENEFICIAL TO BOTH COUNTRIES. INDIA'S OVERTURES TOWARD LIBYA MAY THEREFORE RESEMBLE ITS PROPOSAL TO IRAQ. (AID-AND-TRADE: PIPELINES, RAILROADS, A FERTILIZER PLANT, ETC., FOR OIL; NOT YET ACCEPTED BY THE IRAQIS.) MEANWHILE, RISING CRUDE OIL FREIGHT RATES, AND TANKER SHORTAGES, CONTINUE TO BE MAJOR DETERRENTS TO INDIA'S "UNLIMITED" PURCHASES OF CRUDE FROM ANY MEDITERRANEAN COUNTRY. RHETORICAL STATEMENTS CLAIMING THAT LIBYAN CRUDE WILL BE OBTAINED "QUITE REASONABLY" AND UNDER "TERMS FAVORABLE TO INDIA" THEREFORE BEAR FURGER SCRUTINY. END COMMENT.

4. WE ARE CONTINUING TO ATTEMPT TO DETERMINE THE PRECISE LIMITED OFFICIAL USE

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OILFIELD OR CONCESSION SOURCE OF LIBYAN CRUDE TO BE SUPPLIED TO INDIA DURING 1974-75 AND LATER, IF ANY (E.G., NELSON BUNKER HUNT, OCCIDENTAL, OR OTHER), AND WILL REPORT ALL FINDINGS ASAP. AMEMBASSY TRIPOLI'S VIEWS IN THIS

REGARD WILL BE APPRECIATED.
SCHNEIDER

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